

GARNISHMENT FEES

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Steven R. Mascaro

Senate Sponsor: _____

LONG TITLE

General Description:

This bill increases the allowable fees an employer may receive for processing garnishments for employees.

Highlighted Provisions:

This bill:

- increases the fee for a single garnishment from \$10 to \$25;
- increases the initial fee for a continuing garnishment from \$25 to \$35;
- allows the employer to charge the employee a processing fee each time an amount must be deducted from the employee's wages; and
- exempts income withholding for the collection of child support.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

78-7-44, as renumbered and amended by Chapter 46, Laws of Utah 2001

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **78-7-44** is amended to read:



78-7-44. Fees for writ of garnishment -- Single or continuing.

(1) Any creditor who serves or causes to be served a writ of garnishment upon the garnishee shall pay to the garnishee:

(a) ~~[\$10]~~ \$25 for a single garnishment; ~~[and]~~ or

(b) ~~[\$25]~~ \$35 for a continuing garnishment.

(2) The creditor shall pay the fee directly to the garnishee.

(3) An employer may deduct a processing fee of up to \$10 from an employee each time a payment is made to a creditor pursuant to a continuing garnishment, not to exceed a total amount of \$20 per month. This processing fee shall be included in the nonexempt amount subject to garnishment.

(4) Subsection (3) does not apply to income withholding for the collection of child support pursuant to Title 62A, Chapter 11, Part 4, Income Withholding in IV-D Cases, and Part 5, Income Withholding in Non IV-D Cases.

Legislative Review Note

as of 1-4-06 2:10 PM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

AMENDED NOTE**State Impact**

Passage of this bill would incur both costs and revenues. The Tax Commission would require an additional \$2,700 in General Fund and \$8,200 in Uniform School Fund each year to pay the increased garnishment fees to employers that withhold and remit their employees' funds. The Division of Finance would receive an additional \$28,000 in dedicated credit revenues, of which it will need \$5,000 in the first year for programming changes. All other costs can be handled in existing budgets.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>
General Fund	\$2,700	\$2,700	\$0	\$0
Uniform School Fund	\$8,200	\$8,200	\$0	\$0
Dedicated Credits	\$5,000	\$0	\$28,000	\$28,000
TOTAL	\$15,900	\$10,900	\$28,000	\$28,000

Individual and Business Impact

Allows businesses to receive increased garnishment fees for each deduction from an employee's paycheck.

Office of the Legislative Fiscal Analyst